WEEKLY ECONOMIC REVIEW

November 17, 2006

There were further signs this week that inflationary pressures in the United States are easing. In October, the U.S. Consumer Price Index (CPI) declined sharply for the second consecutive month, with the headline inflation rate falling to 1.3 per cent. U.S. wholesale prices also fell for the second straight month, with the Producer Price Index dropping by 1.6 percent in October – matching the largest monthly decline on record. The core Producer Price Index (which excludes energy and food) recorded its largest decline in 13 years.

The slowdown in the U.S. housing market continued in October. U.S. housing starts fell 14.6 per cent last month, dropping to their lowest level since July 2000.

Japan's economy grew at a 2 per cent rate (annualized) in the third quarter of 2006, roughly double the expected gain. With economic growth being recorded in every quarter since the beginning of 2002, Japan has achieved it's longest period of economic expansion since World War II.

Canadian manufacturing shipments fell to their lowest level in two years, dropping 3.3 per cent in September. Alberta's shipments fell by 5.0 percent in September, due mainly to the effect of declining oil prices on the value of manufactured petroleum products.

Cdn Dollar (C¢/US$)

Nov	17, 2006	87.3¢
Nov	10, 2006	88.4¢
2006-07 YTD		89.0¢

WTI Oil US$/bbl

Nov	16, 2006	$56.26
Nov	9, 2006	$61.16
2006-07 YTD		$68.35

Nymex Natural Gas C$/mcf*

December Contract

Nov	17, 2006	$8.94
Nov	10, 2006	$8.84

*Estimate based on Nymex Futures Market Price

Despite the September decline, Alberta's manufacturing shipments are up 10 per cent on a year-to-date basis – the highest rate of growth among provinces.

Oil prices hit a new low for the year, dropping below US$56 amid forecasts for warmer weather in the United States.

The federal government announced changes to the Temporary Foreign Worker Program, intended to address "critical labour shortages" in Western Canada. These changes include the establishment of *regional* lists of "occupations under pressure", which will make it easier for employers in Alberta and British Columbia to hire foreign workers when there are no Canadian citizens or permanent residents available to fill positions.

Economic Indicators Released this Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month (Y/Y)	Year-to-date[1]
Manufacturing Shipments ($ Millions)	**September**			
Alberta	5,364	-5.0%	4.5%	10.6%
Canada	47,852	-3.3%	-3.8%	0.0%
New Motor Vehicle Sales	**September**			
Alberta	21,014	-5.4%	14.3%	12.4%
Canada	138,729	-4.2%	11.1%	1.4%

Source: Statistics Canada, U.S. Bureau of Labour Statistics

[1] *Year-to-date 2006 compared to the same time period in 2005. For example: January-October 2006 versus January-October 2005*